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MEDICAL INSIGHTS DIAGNOSTIC  
CENTERS, INC.; VIRGIL L. WILLIAMS;  
JOHN A. LYNCH; and ARTHUR T.  
GRONNER

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

PHILIPS MEDICAL CAPITAL, LLC, a  
Delaware limited liability company,

Plaintiff,

v.

MEDICAL INSIGHTS DIAGNOSTIC  
CENTERS, INC., a California  
Corporation; VIRGIL L. WILLIAMS,  
an individual; JOHN A. LYNCH, an  
individual; ARTHUR T. GRONNER, an  
individual and as Trustee of the Arthur  
T. and Bonnie S. Gronner Trust dated  
December 9, 1993; ARTHUR T. AND  
BONNIE S. GRONNER TRUST  
DATED DECEMBER 9, 1993 and  
DOES 1-10, inclusive,

Defendants.

Case No. C 06-4470 JSW

**JOINT STIPULATION AND ~~[PROPOSED]~~  
ORDER OF DISMISSAL WITH  
PREJUDICE OF MEDICAL INSIGHTS  
DIAGNOSTIC CENTERS, INC., ET AL.'S  
COUNTERCLAIM AND THIRD-PARTY  
COMPLAINT**

Location: Courtroom 2  
Judge: Hon. Jeffrey S. White  
Trial Date: April 14, 2008

Original State Court Action Filed: April 14, 2006

(caption continued on next page)

Joint Stipulation and ~~[Proposed]~~ Order of  
Dismissal with Prejudice of MIDC, et al.'s  
Counterclaim and Third-Party Complaint  
Case No. C 06-4470 JSW

MEDICAL INSIGHTS DIAGNOSTIC  
CENTERS, INC., a California  
Corporation; VIRGIL L. WILLIAMS,  
an individual; JOHN A. LYNCH, an  
individual; ARTHUR T. GRONNER, an  
individual and as Trustee of the Arthur  
T. and Bonnie S. Gronner Trust dated  
December 9, 1993; ARTHUR T. AND  
BONNIE S. GRONNER TRUST  
DATED DECEMBER 9, 1993 and  
DOES 1-10, inclusive,  
PHILIPS MEDICAL CAPITAL, LLC, a  
Delaware limited liability company, and  
ROES 1-10, inclusive,

Counterclaimants,

v.

PHILIPS MEDICAL CAPITAL, LLC, a  
Delaware limited liability company, and  
ROES 1-10, inclusive,

Counter-defendant.

MEDICAL INSIGHTS DIAGNOSTIC  
CENTERS, INC., a California  
Corporation; VIRGIL L. WILLIAMS,  
an individual; JOHN A. LYNCH, an  
individual; ARTHUR T. GRONNER, an  
individual and as Trustee of the Arthur  
T. and Bonnie S. Gronner Trust dated  
December 9, 1993; ARTHUR T. AND  
BONNIE S. GRONNER TRUST  
DATED DECEMBER 9, 1993 and  
DOES 1-10, inclusive,  
PHILIPS MEDICAL CAPITAL, LLC, a  
Delaware limited liability company, and  
ROES 1-10, inclusive,

Third-party Plaintiff,

v.

PHILIPS MEDICAL SYSTEMS  
NORTH AMERICA, a Delaware  
corporation,

Third-party Defendant.

Defendant, counterclaimant and third-party plaintiff Medical Insights Diagnostic Centers,  
Inc. ("MIDC"); Virgil Williams ("Williams"); John A. Lynch ("Lynch"); Arthur T. Gronner, an

Joint Stipulation and ~~Proposed~~ Order of  
Dismissal with Prejudice of MIDC, et al.'s  
Counterclaim and Third-Party Complaint

individual and as trustee of The Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993 (collectively, “Gronner,” and Gronner collectively with MIDC, Williams, and Lynch “the MIDC Parties”); plaintiff and counter-defendant Philips Medical Capital, LLC (“PMC”); and third-party defendant Philips Medical Systems North America Company, a division of Philips Electronics North America Corporation (“PMSNA”), submit this stipulation and proposed order dismissing with prejudice the MIDC Parties’ amended counterclaim and amended third-party complaint.<sup>1</sup>

## **I. BACKGROUND**

On or about April 14, 2006, PMC commenced an action against the MIDC Parties and The Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993 (the “Trust”), in the Superior Court of the State of California in and for the County of Contra Costa, titled *Philips Medical Capital, LLC v. Medical Insights Diagnostic Centers, Inc., Virgil L. Williams, John A. Lynch, Arthur T. Gronner, and the Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993, and Does 1-10*; Case Number C06 00676 (the “State Court Complaint”).

On or about June 16, 2006, the MIDC Parties and the “Trust” asserted cross-claims against PMC and commenced a third-party action against Philips Medical Systems North America Company, a division of Philips Electronics North America Corporation, a Delaware Corporation (“PMSNA”) (incorrectly denominated therein “Philips Medical Systems North America, a Delaware corporation”) in the Superior Court of the State of California in and for the County of Contra Costa, titled *Medical Insights Diagnostic Centers, Inc., Virgil L. Williams, John A. Lynch, Arthur T. Gronner, and the Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993 v. Philips Medical Capital, LLC, Philips Medical Systems North America, Inc., and Roes 1-10, inclusive*, Case Number C06 00676 (the cross-claims and the third-party action are collectively referred to herein as the “Cross-complaint,” and the Cross-complaint collectively with the State Court Complaint, the “State Court Action”)

On or about July 21, 2006, PMSNA removed the State Court Action to this Court.

<sup>1</sup> Originally, The Arthur T. and Bonnie S. Gronner Trust Dated December 9, 1993 (the “Trust”) was named as a cross-plaintiff, counterclaimant, and third-party plaintiff. By way of order of this Court filed January 26, 2007, granting in part, and denying in part, PMC’s and PMSNA’s respective motions to dismiss, all of the Trust’s claims against PMC and PMSNA were dismissed on the ground that, as a matter of law, the Trust lacked legal capacity to sue or maintain an action.

On or about August 18, 2006, the MIDC Parties amended their Cross-complaint (the “Amended Counterclaim”).

## II. DISMISSAL

The parties have agreed to a mutually acceptable resolution of the Amended Counterclaim. Thus, the MIDC Parties, PMC and PMSNA, by and through their respective counsel, hereby stipulate pursuant to Federal Rule of Civil Procedure 41(a)(1),(c) to the dismissal with prejudice of the Amended Counterclaim and all causes of action and claims against all parties named therein.

PMC's original State Court Complaint brought against MIDC, Williams, Lynch, Gronner and the Trust, which was removed to this Court on or about July 21, 2006, is still pending and is not being dismissed at this time, but will be dismissed at a later time under the terms of the settlement agreement between the parties.

Each party shall bear its own costs and attorneys' fees.

**SO STIPULATED.**

Dated: August 20, 2007

HANSON BRIDGETT MARCUS VLAHOS  
RUDY, LLP

By /S/

Christopher R. Miller  
Attorneys Defendants, Counterclaimants,  
and Third-Party Plaintiffs MEDICAL  
INSIGHTS DIAGNOSTIC CENTERS,  
INC., a California Corporation; VIRGIL  
L. WILLIAMS, an individual; JOHN A.  
LYNCH, an individual; ARTHUR T.  
GRONNER, an individual and as Trustee of  
the Arthur T. and Bonnie S. Gronner  
Trust Dated December 9, 1993

1 Dated: August 20, 2007

MORGAN, LEWIS & BOCKIUS LLP

2  
3 By /S/

4 Diane L. Webb  
5 Attorneys for Third-Party Defendant  
6 PHILIPS MEDICAL SYSTEMS NORTH  
7 AMERICA, a division of Philips  
8 Electronics North America Corporation, a  
9 Delaware Corporation

10 Dated: August 20, 2007

GLASS & GOLDBERG

11 By /S/

12 Marshall F. Goldberg  
13 Attorneys for Plaintiff and Counter-  
14 defendant PHILIPS MEDICAL CAPITAL,  
15 LLC

16 **ORDER**

17 AS STIPULATED BY THE PARTIES, IT IS SO ORDERED.

18  
19 Dated: August 22, 2007

20   
21 Jeffrey S. White  
22 U.S. District Court Judge in and for the  
23 Northern District of California